

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Patent Application

5 Applicant(s): Tetsunosuke Fujisaki
Docket No.: YO999-527
Serial No.: 09/710,999
Filing Date: November 9, 2000
Group: 3691
10 Examiner: Narayanswamy Subramanian

Title: Method and Apparatus for Network Marketing of Financial Securities

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REPLY BRIEF

20 Mail Stop Appeal Brief – Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

25 Sir:

Appellants hereby reply to the Examiner's Answer, mailed December 18, 2007 (referred to hereinafter as "the Examiner's Answer"), in an Appeal of the final rejection of claims 1-5, 17-21, and 32 in the above-identified patent application.

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REAL PARTY IN INTEREST

A statement identifying the real party in interest is contained in Appellant's Appeal Brief.

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RELATED APPEALS AND INTERFERENCES

A statement identifying related appeals is contained in Appellant's Appeal Brief.

STATUS OF CLAIMS

A statement identifying the status of the claims is contained in Appellant's Appeal Brief.

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STATUS OF AMENDMENTS

A statement identifying the status of the amendments is contained in Appellant's Appeal Brief.

SUMMARY OF CLAIMED SUBJECT MATTER

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A Summary of the Invention is contained in Appellant's Appeal Brief.

STATEMENT OF GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

A statement identifying the grounds of rejection to be reviewed on appeal is contained in Appellant's Appeal Brief.

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CLAIMS APPEALED

A copy of the appealed claims is contained in an Appendix of Appellant's Appeal Brief.

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ARGUMENT

Response to Examiner's Answer

In the Examiner's Answer, the Examiner indicates that "financial markets" has been given the broadest permissible interpretation to include both liquid and illiquid financial securities.

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As Appellant previously noted, Woolston is directed to a two-tiered electronic market system for bidding on used and collectible goods (col. 1, lines 43-56). The present invention, on the other hand, is directed to bidding for *financial securities in a secondary market*. Appellant notes that the application of the known techniques cited in Woolston to secondary financial markets is not obvious. In fact, the secondary market for financial securities is *substantially different* from the marketplace for used and

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collectible goods disclosed by Woolston, as would be apparent to a person of ordinary skill in the art. For example, the secondary market for financial securities is characterized by price fluctuations that make it difficult to post bids and, since each financial security typically has its own set of requirements and risks, the evaluation and comparison of two different securities is nearly impossible. Regarding the Examiner's assertion that the secondary markets for very illiquid securities are no different from the secondary markets for used and collectible goods, Applicants note that the secondary market for used and collectible goods *are* similar, **in some respects**, to very illiquid securities. The fact that the secondary market for used and collectible goods are very illiquid reduces the requirements for a bidding system. Thus, while it may be argued that all financial securities are not necessarily liquid, the fact that some, or most, of financial securities are liquid means that the requirements for the bidding system are more stringent than the bidding system for the secondary market for used and collectible goods.

In the Examiner's Answer, the Examiner asserts that the feature upon which Applicant relies ("a group of other market participants to which the respective market participant is willing to announce its bids") is not recited in the rejected claims. The Examiner also asserts that Woolston discloses establishing wholesale and retail markets thereby disclosing establishing a plurality of market segments in a secondary market (Woolston Abstract).

Clearly, a patentee is entitled to be his own lexicographer. See, e.g., *Rohm & Haas Co. v. Dawson Chemical Co., Inc.*, 557 F. Supp 739, 217 U.S.P.Q. 515, 573 (Tex. 1983); *Loctite Corp. v. Ultraseal Ltd.*, 781 F.2d 861, 228 U.S.P.Q. 90 (Fed. Cir. 1985); and *Fonar Corp. v. Johnson & Johnson*, 821 F.2d 627, 3 U.S.P.Q.2d 1109 (Fed. Cir. 1987). The present invention defines a market segment as "a group of other market participants to which the respective *market participant is willing to announce its bids.*" (Page 4, lines 18-20; emphasis added.) As the Examiner acknowledges, Woolston defines market segments along the lines of wholesale, retail, etc. (see, Abstract). Thus, the segments defined by Woolston are *not* the same type of segments defined by the present invention.

The interpretation of the term “market segment” asserted by the Examiner is inconsistent with the definition provided in the specification and is not how the term would be understood by a person of ordinary skill, based on the specification. When the specification explains and defines a term used in the claims, without ambiguity or incompleteness, there is no need to search further for the meaning of the term. *Multiform Desiccants Inc. v. Medzam Ltd.*, 133 F.3d 1473, 45 U.S.P.Q.2d 1429, 1433 (Fed. Cir. 1998).

Thus, Woolston does not disclose or suggest establishing a plurality of market segments in a secondary market, and posting said bid only to said one or more authorized market segments, as required by independent claims 1, 17, and 32, and does not disclose or suggest the step of preventing said bid from being posted to market participants not in said one or more authorized market segments, as required by claims 2 and 18.

In the Examiner’s Answer, the Examiner asserts that Woolston discloses the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid (Woolston: claim 35 and Abstract). The Examiner further asserts that Silverman teaches the feature of displaying all bids and offers available to a trader.

As Appellant previously noted, Woolston teaches to selectively *displace the current retail bid amount* if the *received wholesale bid increased by a predetermined amount is greater than the current retail bid* (Woolston: claim 35). Woolston may teach to displace a current bid based on a received bid; neither Woolston nor Silverman, however, identify bids that are in proximity to said received bid. Claims 3 and 19 require the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid.

Thus, Woolston does not disclose or suggest the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid, as required by claims 3 and 19.

In the Examiner’s Answer, the Examiner notes that one cannot show no obviousness by attacking references individually where the rejections are based on

combinations of references.

Contrary to the Examiner's assertion, Appellant was not attacking the references individually, but was noting that none of the cited references disclose or suggest the cited limitation.

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Appeal Brief Arguments

Section 101 Rejections

Claims 1-5 are rejected under 35 U.S.C. §101 because they are directed to non-statutory subject matter. Regarding claim 1, the Examiner asserts that the claim is drawn to a method for processing transactions involving financial securities that is not tied to any technological art and because they lack any recitation of technology in the body of the claims (citing *Ex Parte Bowman*, 61 USPQ2d 1669, 1671 (Bd. Pat. App. & Inter. 2001, but recognizing that this case is not precedential).

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The Invention Accomplishes a Practical Application

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Claim 1 is directed to a method for *processing transactions* involving financial securities in a secondary market and is directed to the technological arts. Applicant also notes that the Supreme Court has stated that the "[t]ransformation and reduction of an article 'to a different state or thing' is the clue to patentability of a process claim." *Gottshalk v. Benson*, 409 U.S. 63, 70, 175 U.S.P.Q. (BNA) 676 (1972). In other words, claims that require some kind of transformation of subject matter, which has been held to include intangible subject matter, such as data or signals, that are representative of or constitute physical activity or objects have been held to comply with Section 101. See, for example, *In re Warmerdam*, 31 U.S.P.Q.2d (BNA) 1754, 1759 n.5 (Fed. Cir. 1994) or *In re Schrader*, 22 F.3d 290, 295, 30 U.S.P.Q.2d (BNA) 1455, 1459 n.12 (Fed. Cir. 1994).

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The cited claims require the posting of a received bid only to authorized market segments. This transformation to post bids in this manner is a useful, concrete, and tangible result. See, e.g., USPTO Examination Guidelines for Computer-Related Inventions," (hereinafter, "Guidelines") § II. A.

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Statutory Process Claims

The Guidelines establish that “[t]o be statutory, a claimed computer-related process must **either**: (A) result in a physical transformation outside the computer for which a practical application in the technological arts is either disclosed in the specification or would have been known to a skilled artisan (discussed in i) below), or (B) be limited to a practical application within the technological arts (discussed in ii) below). Guidelines, § IV(2)(b). The Examiner has considered only the second portion of this test.

The claimed process clearly results in a physical transformation outside of a computer for which a practical application in the technological arts is either disclosed in the specification or would have been apparent to a person of ordinary skill in the art. Again, the cited claims require the *posting* of a received bid only to authorized market segments. Further, the receiving and posting steps are clearly physical steps recited in the body of the claim.

Thus, Applicant submits that each of the claims 1-5 are in full compliance with 35 U.S.C. §101, and accordingly, respectfully requests that the rejection under 35 U.S.C. §101 be withdrawn.

Section 112 Rejections

Claims 17-21 are rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Regarding claim 17, the Examiner notes that claim 17 recites in the preamble “system for processing transactions involving financial securities” and asserts that it is not clear if the claimed invention is a method or an apparatus.

Claim 17 is clearly directed to a system. Contrary to the Examiner’s assertion, Applicant maintains that the cited claim is definite and distinctly claims the subject matter which applicant regards as the invention.

Claims 1, 2, 17, 18, and 32

Claims 1, 2, 17, 18, and 32 are rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston in view of Silverman et al. Regarding claims 1, 17, and 32, the Examiner notes that Woolston teaches establishing a plurality of market segments in

said secondary market (col. 1, lines 51-67, the tiers constitute the market segments and used goods imply secondary markets) and that both Woolston and Silverman are concerned with the problem of processing transactions involving two parties. Regarding claims 2 and 18, the Examiner asserts that Woolston teaches the step of preventing said
5 bid from being posted to market participants not in said one or more authorized market segments (Woolston: claims 5 and 18). In the Response to Arguments section of the final Office Action, the Examiner asserts that the secondary markets for very illiquid securities are no different from the secondary markets for used and collectible goods.

Applicant notes that Woolston is directed to a two-tiered electronic market
10 system for bidding on used and collectible goods (col. 1, lines 43-56). The present invention, on the other hand, is directed to bidding for *financial securities in a secondary market*. Applicant notes that the application of the known techniques cited in Woolston to secondary financial markets is not obvious. In fact, the secondary market for financial securities is *substantially different* from the marketplace for used and collectible goods
15 disclosed by Woolston, as would be apparent to a person of ordinary skill in the art. For example, the secondary market for financial securities is characterized by price fluctuations that make it difficult to post bids and, since each financial security typically has its own set of requirements and risks, the evaluation and comparison of two different securities is nearly impossible. Regarding the Examiner's assertion that the secondary
20 markets for very illiquid securities are no different from the secondary markets for used and collectible goods, Applicants note that the secondary market for used and collectible goods *are* similar, **in some respects**, to very illiquid securities. The fact that the secondary market for used and collectible goods are very illiquid reduces the requirements for a bidding system. Thus, while it may be argued that all financial
25 securities are not necessarily liquid, the fact that some, or most, of financial securities are liquid means that the requirements for the bidding system are more stringent than the bidding system for the secondary market for used and collectible goods.

Furthermore, Woolston defines market segments along the lines of wholesale, retail, etc. (see, Abstract). The present invention defines a market segment as
30 "a group of other market participants to which the respective *market participant is*

willing to announce its bids.” (Page 4, lines 18-20; emphasis added.) Thus, the segments defined by Woolston are *not* the same type of segments defined by the present invention. Independent claims 1, 17, and 32 require establishing a plurality of market *segments* in a *secondary market* for bidding on *financial securities*, receiving a bid for one or more
5 financial securities, said bid including one or more *authorized market segments*; and posting said bid only to said one or more *authorized market segments*. Claims 2 and 18 require the step of preventing said bid from being posted to market participants not in said one or more *authorized market segments*.

Thus, Woolston does not disclose or suggest establishing a plurality of
10 market segments in a secondary market, receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and posting said bid only to said one or more authorized market segments, as required by independent claims 1, 17, and 32, and does not disclose or suggest the step of preventing said bid from being posted to market participants not in said one or more authorized market segments,
15 as required by claims 2 and 18.

Claims 3 and 19

Claims 3 and 19 are rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston in view of Silverman et al. Regarding claims 3 and 19, the Examiner asserts that Woolston discloses the step of comparing said bid to other pending
20 bids to identify pending bids that are in proximity to said received bid (Woolston: claim 35).

Applicants note that Woolston teaches to selectively *displace the current retail bid amount* if the *received wholesale bid increased by a predetermined amount is greater than the current retail bid* (Woolston: claim 35). Woolston may teach to displace
25 a current bid based on a received bid; Woolston, however, does *not identify bids* that are in *proximity* to said received bid. Claims 3 and 19 require the step of comparing said bid to other pending bids to *identify pending bids* that are in proximity to said received bid.

Thus, Woolston does not disclose or suggest the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received
30 bid, as required by claims 3 and 19.

Additional Cited References

Silverman et al. were also cited by the Examiner for its disclosure of the step of establishing a communication channel between entities associated with two bids that are in proximity. Silverman is directed to a matching system that uses trading and ranking information from each user to identify transactions between counterparties that are mutually acceptable based on the ranking information, thereby matching potential counterparties to a transaction. (See, Abstract.) Silverman does not address the issue of establishing a plurality of market segments in a secondary market for financial securities.

Thus, Silverman et al. does not disclose or suggest establishing a plurality of market segments in a secondary market, receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and posting said bid only to said one or more authorized market segments, as required by independent claims 1, 17, and 32, does not disclose or suggest the step of preventing said bid from being posted to market participants not in said one or more authorized market segments, as required by claims 2 and 18, and does not disclose or suggest the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid, as required by claims 3 and 19.

Conclusion

The rejections of the cited claims under section §103 in view of Woolston or Silverman et al., alone or in combination, are therefore believed to be improper and should be withdrawn. The remaining rejected dependent claims are believed allowable for at least the reasons identified above with respect to the independent claims.

Docket No.: YO999-527
Confirmation No.: 5835

The attention of the Examiner and the Appeal Board to this matter is appreciated.

Respectfully,



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Date: February 14, 2008

APPENDIX

1. A method for processing transactions involving financial securities in a secondary market, said method comprising the steps of:
 - 5 establishing a plurality of market segments in said secondary market, each of said market segments having at least one market participant;
receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and
posting said bid only to said one or more authorized market segments.
- 10 2. The method of claim 1, further comprising the step of preventing said bid from being posted to market participants not in said one or more authorized market segments.
- 15 3. The method of claim 1, further comprising the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid.
4. The method of claim 1, further comprising the step of establishing a communication channel between entities associated with two bids that are in proximity.
- 20 5. The method of claim 4, wherein two bids are in proximity if they have parameters that are within a given threshold of each other.
6. (Cancelled)
- 25 7. (Cancelled)
8. (Cancelled)
- 30 9. (Cancelled)

10. (Cancelled)

11. (Cancelled)

5 12. (Cancelled)

13. (Cancelled)

14. (Cancelled)

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15. (Cancelled)

16. (Cancelled)

15 17. A system for processing transactions involving financial securities in a secondary market, comprising:

a memory that stores computer-readable code; and

a processor operatively coupled to said memory, said processor configured to implement said computer-readable code, said computer-readable code configured to:

20 establish a plurality of market segments in said secondary market, each of said market segments having at least one market participant;

receive a bid for one or more financial securities, said bid including one or more authorized market segments; and

post said bid only to said one or more authorized market segments.

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18. The system of claim 17, wherein said processor is further configured to prevent said bid from being posted to market participants not in said one or more authorized market segments.

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19. The system of claim 17, wherein said processor is further configured to compare said bid to other pending bids to identify pending bids that are in proximity to said received bid.

5 20. The system of claim 17, wherein said processor is further configured to establish a communication channel between entities associated with two bids that are in proximity.

21. The system of claim 20, wherein two bids are in proximity if they have
10 parameters that are within a given threshold of each other.

22. (Cancelled)

23. (Cancelled)

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24. (Cancelled)

25. (Cancelled)

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27. (Cancelled)

28. (Cancelled)

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29. (Cancelled)

30. (Cancelled)

30 31. (Cancelled)

32. An article of manufacture processing transactions involving financial securities in a secondary market, comprising:

a computer readable medium having computer readable code means embodied thereon, said computer readable program code means comprising:

5 a step to establish a plurality of market segments in said secondary market, each of said market segments having at least one market participant;

a step to receive a bid for one or more financial securities, said bid including one or more authorized market segments; and

10 a step to post said bid only to said one or more authorized market segments.

33. (Cancelled)

34. (Cancelled)

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35. (Cancelled)

EVIDENCE APPENDIX

There is no evidence submitted pursuant to § 1.130, 1.131, or 1.132 or entered by the Examiner and relied upon by appellant.

RELATED PROCEEDINGS APPENDIX

There are no known decisions rendered by a court or the Board in any proceeding identified pursuant to paragraph (c)(1)(ii) of 37 CFR 41.37.